The "Triumph of Neoliberalism" Reconsidered: Critical Remarks on Ideas-Centered Analyses of Political and Economic Change in Post-Communism

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This article offers a critical discussion of a widely popular ideas-centered interpretation of transformative processes in post-communism: the view that during the 1990s, politics in Eastern Europe was completely dominated by a particular ideology, neoliberalism, and hence observable patterns of socioeconomic change are best explained in terms of the impact of a set of ideas disseminated by international financial institutions and eagerly implemented by local elites. More often than not, such ideational analytical accounts rest on simplistic assumptions about elite behavior, demonstrably inaccurate depictions of the actual course of events in various East European countries, and acontextual forms of theorizing. The article concludes with a plea for novel approaches to the study of the role of ideas in post-communist politics, approaches that avoid the risks inherent in efforts to force evidence from the former socialist countries into preexisting "grand narratives" about the historical essence of the contemporary era.

Keywords: neoliberalism; economic reforms; post-communist politics; international financial institutions

"Ours is an era of ideology. Several countries, in Eastern Europe and elsewhere, have recently begun the greatest ideologically inspired experiment since Josef Stalin initiated the forced industrialization of the Soviet Union in 1929." The experiment in ques-

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tion is the attempt to build market-based democracy, and the ideology that supposedly propels it is "the neo-liberal intellectual blueprint drawn up within the walls of American academia and shaped by international financial institutions." This is the captivating message articulated in one of the most widely read articles on post-communism, penned by Adam Przeworski and published in the *Journal of Democracy* under the provocative title "The Neoliberal Fallacy" in the relatively distant 1992.[1] The message is animated by polemical zeal: Przeworski is convinced that in the neoliberal ideology, there is something repugnant and intolerable; he is full of contempt for promarket reformers, and he ridicules the East European ambition to "build capitalism" as a manifestation of a culturally retrograde worldview. At the same time, however, he does offer an analytical argument anchored in a set of interrelated claims about the role of ideas in post-communist politics. Przeworski asserts that a particular ideology—neoliberalism—had a decisive impact on East European polities and societies in the 1990s. Those who wish to understand how and why things changed after the collapse of communism should therefore focus their attention on the content of this ideology. Furthermore, he suggests that an ideational approach toward post-communism would help us comprehend not only what transpired in one area (as in "area studies") during a particular period of time but also the quintessence of what is alluded to as "our era." In other words, analysts who frame inquiries into post-communist politics as a study of the consequences of neoliberal triumph will be ultimately able to grasp the deeper meaning of observable facts and thus reveal the facts-transcending essence of a distinct historical epoch. Ideas-centered interpretations—that is, explanatory frameworks depicting ruling elites exclusively as carriers of a neoliberal ideology and that posit a set of *laissez-fairian* tenets as the *ultima causa* that unlocked the causal chains that brought about the outcomes of various reforms—are singled out as the sole analytical path that might lead scholarly research to truths that go beyond the study of East European transformations.

1. Adam Przeworski, "The Neoliberal Fallacy," *Journal of Democracy* 3 (July 1992): 45-59.

It would not be an exaggeration to say that Przeworski's *dicta* set the tone for subsequent debates. His polemical charge that reformers behave as modern-day Stalinists had a demonstrably stimulating impact—today, colorful neologisms such as "market Bolsheviks" and "neoliberal Leninists" grace scholarly analyses of post-communist politics.[2] The powerful antineoliberal animus that permeates Przeworski's article resonated rather well with academic audiences, and antineoliberalism rapidly became the dominant mood in the mushrooming literature on post-communism. To state that during the first decade since the publication of Przeworski's article there has not been a single Western political scientist, sociologist, or anthropologist who has had anything even guardedly positive to say about "neoliberal" ideas, reforms, or politicians would perhaps be a hyperbole, but a hyperbole that does not veer too far from the truth. Among economists, the pluralism of opinions seems to be more robust; notably, however, those among them who have spoken in defense of neoliberalism have been roundly condemned and subjected to scathing and unending criticism.[3] For the purposes of this article, however, the more important fact is that Przeworksi's main argument regarding the role of ideas became the cornerstone of conventional wisdom about the course of post-communist political and economic transformations. According to this conventional wisdom, post-communism serves as a powerful reminder that, every now and then, magical moments occur when ideas—in this particular case, "bad" ideas—triumph over reality. References to "neoliberal ideology," "ideologically driven shock therapy," "the Washington consensus," "blueprints championed by the international financial institutions," "the doctrinaire approach of foreign advisers and their local underlings," and "the belief in the market

2. See, for example, Peter Reddaway and Dmitri Glinski, *The Tragedy of Russia's Reforms: Market Bolshevism against Society* (Washington, DC: U.S. Institute of Peace Press, 2001); Maurice Glasman, *Unnecessary Suffering: Managing Market Utopia* (London: Verso, 1996); and Stephen F. Cohen, *Failed Crusade: America and the Tragedy of post-communist Russia* (New York: W. W. Norton, 2000).
3. The list of economists who endorsed neoliberal reforms should include the names of Jeffrey Sachs, Anders Aslund, Andrei Shleifer, and Robert Vishny. It is important to remember, though, that the list of economists who *opposed* neoliberal blueprints is much longer and includes the names of scholars who are much more influential, for example, Nobel Prize laureates Douglas North and Joseph Stieglitz.

as a panacea" quickly became ubiquitous in academic writings that purport to explain changes in the former communist block. During the first fifteen years of post-communist studies, the contention that "the neoliberal vision" was the uniquely potent factor that disfigured the physiognomies of post-communist societies generated very little dissent.[4] Elites who embraced this vision—the much maligned "messianic reformers"—were cast in the role of primary agents of change.[5] For these agents, nothing mattered more than neoliberalism; their passionate commitment to this credo allegedly remained unadulterated by occasional attempts to pursue material as opposed to ideational interests, untarnished by intermittent slippages into pragmatic as opposed to ideological modes of behavior and unaffected by self-serving as opposed to idealistic considerations. Once "the transition" began, the course of events was determined by "the structural logic" inherent in "the documents of the World Bank," logic ultimately rooted in neoliberal dogmas.[6] Behind every misfortune in post-communism, there stands a neoliberal tenet; the causal chains behind observable problems inevitably lead back to an ideologi-

4. To the extent that such dissent exists, it comes mainly from two quarters. First, there are authors who have undertaken cross-country studies encompassing more or less the entire set of post-communist countries and have found that, contrary to the claims of antineoliberal orthodoxy, more thorough and comprehensive reforms are positively correlated with outcomes such as democratic consolidation, economic growth, and lower Gini coefficients. See, for example, M. Steven Fish, "The Determinants of Economic Reform in the Postcommunist World," *East European Politics and Societies* 12 (Winter 1998): 31-78; and Valery Bunce, "Regional Differences in Democratization: The East versus the South," *Post-Soviet Affairs* 14 (Spring 1998): 187-211. Second, the argument that neoliberalism has triumphed is sometimes questioned by single-country experts who find it too superficial and empirically unsubstantiated. "Numerous critics blamed the supposedly dogmatic monetarist reforms, which were derided as 'Thatcherism' and 'market Bolshevism.' But these critics neglected to *demonstrate* that Russia underwent ruthless neo-liberal reforms. It did not." Stephen Kotkin, *Armageddon Averted: The Soviet Collapse, 1970-2000* (New York: Oxford University Press, 2001), 116.
5. See Michael Burawoy, "Transition without Transformation: Russia's Involutionary Road to Capitalism," *East European Politics and Societies* 15 (Spring 2001): 269-90, at 269. Despite his avowed ambition to offer orthodox Marxist analysis of post-communism as a process of structural change subservient to the global logic of capitalist production, Burawoy's numerous writings of Russian politics inevitably and obsessively focus on "the programmatic destruction" of the Russian economy, a destruction carried out by "Russia's neo-liberal reformers and their Western advisors." In other words, the "ideological blueprint" allegedly embraced by Russian politicians and Western economic elites is accorded much greater analytical priority than the impact of "structural factors" associated with globalization.
6. The contention that the "structural logic of the transition" is to be found in "the documents of the World Bank," is defended by Michael D. Kennedy, *Cultural Formations of Postcommunism* (Minneapolis: University of Minnesota Press, 2002), 7.

cal guideline endorsed by an international financial institution. That is why it would be justified to assume that the study of economic and social change in post-communism is, for all intents and purposes, coterminous with the exploration of the role of ideas in post-communist politics.

The hegemony of ideas-centered interpretations in the literature on post-communism is a somewhat surprising phenomenon. Contentious academics today rarely agree on anything, but there is no reason to doubt that most of them would be markedly unenthusiastic about the claim that the ideological fanaticism of a small group of democratically elected, temporarily empowered—and constitutionally constrained[7]—politicians triggered massive social, political, and economic changes. The palpable doubts with which ideas-centered explanations are usually met cannot be easily explained away as one of many pathologies attributable to the prejudices and shortsightedness of the notoriously oppressive academic mainstream. Rather, these doubts stem from the fact that the accounts offered by many ideational theorists are plagued by easily discernible analytical defects.[8] Or, as a prominent champion and practitioner of ideas-centered political analysis was compelled to concede recently, even though "ideas-based explanations are usually met with skepticism . . . much of the responsibility for this state of affairs lies with the ideational theorists."[9] Among the deficiencies that undermine the heuristic value of ideational arguments, the following are fairly typical:

- *Rather loose characterization of the "ideas" that are posited as the motor of change.* Frequently, these ideas are described in terms that are so general and abstract that it remains unclear what these ideas are, who exactly has embraced them, why, and with what consequences.

7. It bears emphasizing that none of the so-called "radical reformers" can be accused of unconstitutional usurpations of power, violations of the basic principles of the Rule of Law, or disregard for fundamental democratic norms. There is simply no evidence that these reformers were inclined to disregard the legal and constitutional constraints they had to face to promote the "higher" neoliberal values of which they were allegedly so enamored.
8. For an illuminating and generally friendly discussion of these defects, see Robert C. Lieberman, "Ideas, Institutions and Political Order: Explaining Political Change," *American Political Science Review* 96 (December 2002) 697-712, especially p. 698.
9. Sheri Berman, *The Social Democratic Moment: Ideas and Politics in the Making of Interwar Europe* (Cambridge, Mass.: Harvard University Press, 1998), 14-15.

- *Fairly crude assumptions about elite behavior*. Ideas-centered explanations are, as a rule, also elite-centered explanations because it is usually fanatical elites that seek to change reality in accordance with ideological blueprints. But even scholars who would agree that modes of elite agency have a profound effect on politics are likely to find the argument that elites are driven exclusively by idealistic considerations unpersuasive. If there is anything we know about modern governance, it is that motives such as self-interest, lust for power, personal rivalries, partisanship, and electoral hopes and fears are as intoxicating as ideological zeal. Ideas-centered accounts in which such possible explanations of elite agency are given a short shrift are bound to appear too simplistic.
- *Empirically ill-conceived and analytically questionable parsimony*. Arguments of the type "to understand what happened in Eastern Europe, all you need to do is examine the ideas that guided economic reforms" display a certain lack of appreciation of the complexity of social processes. The overemphasis on ideology often results in an analytical blindness that prevents scholars from exploring alternative hypotheses that might yield better explanations of sociopolitical phenomena. It might be trivial to assert that large-scale transformations do not follow a simple logic—whether this is the logic inherent in a faddish ideology or the imperatives of modernization or class struggle or competition on the international arena—but sometimes acknowledging the essential truthfulness of such trivialities is necessary. To reduce social inquiry to a critical survey of the public announcements of reformist elites is a *prima facie* suspect analytical maneuver.

In this article, I will bring the skepticism toward ideas-centered explanations to bear on the study of post-communist politics. In particular, I will focus on two of the claims that undergird analytical narratives about the role of ideas in economic processes in Eastern Europe. The first claim is empirical in nature: it holds that after 1989, neoliberalism triumphed in the region and distinctly neoliberal ideas shaped the behavior of dominant political elites. I will call this claim "the neoliberal hegemony thesis." The second claim is more analytical in nature and is formulated in response to the question of why and how neoliberal ideas gained a hegemonic status. The answer that is usually given is that in the early 1990s, neoliberal ideas were imposed on East European policy makers and populations by "international financial institu-

tions" and the global promoters of capitalism more generally. I will call this claim "the ideological imposition thesis." My discussion will be critical: I will try to demonstrate that scholars who advance these two theses have failed to meet analytical "burdens of proof" that other advocates of ideational explanations, in an attempt to preempt obvious criticisms, have consciously set for themselves. More broadly, I will argue that the ideas-centered analyses that presently dominate accounts of socioeconomic change in post-communism rest on questionable assumptions, faulty logic, and fragmentary empirical findings. While I will try to expose the defects that undermine currently dominant views, I will, however, refrain from endorsing alternative substantive claims about the role of ideas in post-communist politics. In other words, as far as I am concerned, the questions of whether neoliberal ideas played a role in East European transformations and whether their impact was positive or negative remain open. It might very well be true that such ideas played a role that is both important and negative. My claim is simply that, so far, this contention has not been persuasively defended. After fifteen years of study of post-communism, ideas-centered explanations have frequently led to intellectual dead ends, and consequently, scholars who wish to understand if and how ideas shaped transformative processes should make a new start. Insofar as it clears obscurantist analytical underbrush, this article might be considered a preliminary step in this direction.

The neoliberal hegemony thesis

Ideas-centered explanations of economic change in post-communism rest on a particular empirical claim, namely, that neoliberalism became a hegemonic ideology in Eastern Europe after 1989 and that the economic reforms launched in the region in the 1990s were unambiguously neoliberal in character. Hence, all important outcomes of these reforms —and particularly the precipitous economic decline and massive social dislocations— must be explained as the logical effect of the ideologically inspired attempt to "create markets." This claim—that

neoliberalism triumphed and that this triumph should be considered the primary cause of socioeconomic change—I shall call "the neoliberal hegemony thesis."

Here are some examples of how the neoliberal hegemony thesis is conjured up in analyses of post-communist politics. Peter Rutland maintains that "within months of the election of a Solidarity government in Poland in June 1989, discussion of economic policy in Eastern Europe very quickly fell into a standard framework: the teleological rhetoric of the 'transition to the market'. . . . There are few historical precedents in which a particular set of economic concepts was so rapidly able to establish hegemony over political discourse."[10] Along the same lines, Bob Deacon opines that "the single most influential factor in the initial shaping" of reform policies was "the ready acceptance, first by the Polish government, and then by most other governments of Eastern Europe, of the extreme *laissez-faire* economic advice proffered by Jeffrey Sachs."[11] One of the "generalizations that apply in varying measures to all countries," Alec Nove argued, is that the course of politics in post-communist Eastern Europe was affected by "the triumph of neo-classical economics in its "Chicago form."[12] What all East European countries share in common, Alice Amsden, Jacek Kochanowicz, and Lance Taylor assert, is "the dogged determination to stick with a fixed set of [promarket] economic policies" and "the persistent reliance on shock therapy."[13] Attempts of well-wishers to stave off the destructive wave of neoliberalism were futile because such "academic critics could not assert themselves against the hegemony of the neo-liberal reform discourse."[14] The first sentence of a recently published

10. Peter Rutland, "The Antinomies of Privatization in Eastern Europe," in Gernot Grabher and David Stark, eds., *Restructuring Networks in Post-socialism: Legacies, Linkages and Localities* (New York: Oxford University Press, 1997), 265.
11. Bob Deacon, "Social Change, Social Problems and Social Policy," in Stephen White, Judy Butt, and Paul G. Lewis, eds., *Developments in East European Politics* (Durham, NC: Duke University Press, 1993), 238.
12. Alec Nove, "Economics of Transition: Some Gaps and Illusions," in Beverly Crawford, ed., *Markets, States and Democracy: The Political Economy of Post-Communist Transformation* (Boulder, Colo.: Westview Press, 1995), 229.
13. Alice Amsden, Jacek Kochanowicz, and Lance Taylor, *The Market Meets Its Match* (Cambridge, Mass.: Harvard University Press, 1994), vii-ix.
14. See Frank Bönker, Klaus Muller, and Andreas Pickel, "Cross-Disciplinary Approaches to Postcommunist Transformation: Context and Agenda," in Frank Bonker, Klaus Muller, and

article by Johanna Bockman and Gil Eyal sums up the conventional wisdom on the subject: "After communist regimes in Eastern Europe collapsed in 1989, the new post-communist governments have embarked, at various speeds, on neo-liberal economic reform designed to bring about rapid liberalization, macroeconomic restructuring, and, ultimately, privatization."[15] The central argument that emerges from these quotes is fairly simple: the rise of neoliberalism and the concomitant ideologization of politics are the main factors accounting for patterns of economic change observable in post-communism.

One of the objections that the proponents of such ideas-centered accounts should anticipate is that "the ideas" that figure so prominently in explanatory narratives are frequently defined in general, abstract, and/or vague terms and therefore unfit to perform the analytical function of a crucial "variable" that sustains a more or less rigorously constructed argument. Or, to quote Sheri Berman once again, "a prerequisite for social scientific analysis is the definition of terms, but ideational theorists have had trouble defining their independent variables in such a way that they can be clearly identified and observed."[16] For the purposes of this article, the important questions that Berman's criticism of fellow "ideational theorists" raises are the following:

- What exactly are the distinct characteristics of the "neoliberal reforms"?
- What are the criteria that might help us comprehend the differences between "radical" and "nonradical" reforms? How do advocates of ideas-centered explanations propose to resolve what some scholars identified as "one of the core problems" of modern

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Andreas Pickel, eds., *post-communist Transformation and the Social Sciences* (Lanham, Md.: Rowman & Littlefield, 2002), 4.

15. Johanna Bockman and Gil Eyal, "Eastern Europe as a Laboratory for Economic Knowledge: The Transnational Roots of Neo-liberalism" *American Journal of Sociology* 108 (September 2002): 310-52, at 310-11. One should probably note the interesting tension between the expression "at various speeds" that appears in the first part of the sentence and the term "rapidly" to be found in the second. Behind the former expression, there lurks the understanding that there might have been differences between various countries, but if there were such differences, it is not obvious why all transformations would still be labeled "rapid." It is clearly the intent of the authors to convey the idea that, whatever the differences between, say, Albania and Poland, still the proposition that neoliberalism has become hegemonic holds across the entire region.
16. Berman, *Social Democratic Moment*, 15.

political analysis, namely, the drawing of a clear distinction between ideological and nonideological propositions and policy prescriptions—a distinction that lends intelligibility to the claim that patterns of economic development after 1989 reflect an *ideological* blueprint?[17]

- What is the evidence that neoliberal ideas actually "made a difference," that they were not merely tossed around by politicians in a casual and inconsequential manner, but played a formative role?

Have the advocates of the neoliberal hegemony thesis probed issues such as these in a satisfactory manner? I submit that for analysts who wish to respond to this question, an assessment of the extent to which the neoliberal hegemony thesis reasserts, but also departs from, some of the assumptions that structured debates about shock therapy in the early 1990s might be a good point of departure. On one hand, between the argument that experiments with shock therapy molded paths of post-communist development and the neoliberal hegemony thesis, there seems to be a great deal of continuity: in both, neoliberal ideas are posited as "independent variables," and the direct impact of ideology on policy making is unambiguously asserted. At the same time, there are differences, and the most important difference is that the discussion about shock therapy was inspired by a *comparative intuition*, which is conspicuously absent from the neoliberal hegemony thesis.

This comparative intuition was two pronged. To begin with, those who analyzed shock therapy in the early 1990s clearly understood that the neoliberal blueprint is only one among many blueprints for economic reforms circulating in the newly liberated public spheres of Eastern Europe. Hence, such authors felt compelled to identify the features of neoliberal reforms/shock therapy and to demonstrate how these features mark them off from other reformist strategies (such as "smooth transition," "third/national way," or "social-market economy"). Second, those who followed shock therapy experiments in Eastern Europe presupposed that the conditions that would make possi-

17. On how difficult and important it is to construct analytically such a distinction, see Karl Dietrich Bracher, *The Age of Ideologies* (New York: St. Martin's, 1982), 4.

ble the pursuit of neoliberal ideas will transpire in some countries but not in others. In fact, the working hypothesis that largely inspired the debate about shock therapy was *comparative* in nature: in Kazimierz Poznanski's formulation, the hypothesis held that "the most radical reform countries" will also be "those in which recession will be the worst."[18] Whether this hypothesis was borne out by the facts—whether today the "radical" Poles should feel inferior to and worse off than the devoutly "gradualist" Bulgarians—is not an issue with which I will deal here; what is important to grasp is that in the context of the debate about "shock therapy," the contrast between governments that launched shock therapy and those that did not was essential for understanding economic change in post-communism more generally and the role of ideas in particular. The work of Peter Murrell exemplifies the two-pronged comparative ambition rather well. The very title of one of his most famous papers ("What Is Shock Therapy? What Did It Do in Poland and Russia?") indicates that he feels obliged to, first, elaborate at length on the definition of his "independent variable," and, second, apply it only to contexts in which this "variable" would be more or less readily identifiable.[19] Notably, Murrell shares the mainstream's view that neoliberalism is a set of erroneous and even dangerous ideas (even though he attacks neoliberals from the right, from the standpoint of a Hayekian understanding of the nature of social spontaneity, rather than, as is usually the case, from the left, from a Polanyian understanding of "the embeddedness" of the econ-

18. Kazimierz Poznanski, "The Morals of Transition: Decline of Public Interest and Runaway Reforms in Eastern Europe," in Sorin Antohi and Vladimir Tismaneanu, eds., *Between Past and Future: The Revolutions of 1989 and Their Aftermath* (Budapest, Hungary: Central European University Press, 2000), 232.

19. Peter Murrell, "What Is Shock Therapy? What Did It Do in Poland and Russia?" *Post-Soviet Affairs* 9 (April-June 1993): 111-40. The definition of "shock therapy" endorsed by Murrell resembles closely the one offered by Robert Skidelsky: "Shock therapy is a three-part cure. First, prices are liberalized, the exchange rate is lowered, and the economy is opened up to competition. Secondly, credits and subsidies to loss-making industries are cancelled. . . . Finally, the main source of money-supply growth—the bloated public sector—is shut down or sold off for whatever price it will fetch." Robert Skidelsky, *The Road from Serfdom: The Economic and Political Consequences of the End of Communism* (London: Penguin Books, 1996), 142. This definition might not resolve all questions surrounding the hypothesis that shock therapy was administered in a particular country, but it makes the exploration of such a hypothesis easier and enables researchers to "measure" the impact of neoliberal ideas in a more structured and rigorous fashion.

omy and the fallacy of the very distinction between free and nonfree markets). But he would certainly assert that that the pursuit of neoliberal blueprints is what *distinguishes* certain countries from others—not what all of them have in common.

The most important analytical characteristic of the neoliberal hegemony thesis is that it abandons completely the two-pronged comparative intuition that informed the "shock therapy" debate. As is evident from the passages quoted above, according to this thesis, Eastern Europe after 1989 was almost instantly transformed into a homogeneous ideological space in which a uniform vision of modern capitalism spurred into action successive governments (irrespective of what parts of the political spectrum these governments represented), and as a result, economic reforms in every country in the region became both *ideologically driven* and *radical*.

The first thing that a skeptic ambivalent about the contention that economic change in Eastern Europe followed a single logic inherent in a hegemonic ideology might say is that the ideas that became dominant in various countries were in fact markedly different. To lend credence to this line of criticism, one example will suffice: the case of the Czech Republic and Slovakia. That there were differences in the economic strategies preferred by Czech and Slovak political elites, and that these differences ultimately proved irreconcilable, is a well-documented fact. And that the incompatibility of reformist visions was one of the most important reasons why the hitherto fairly stable federal system fell apart cannot be denied in good faith.[20] And yet, the defenders of the neoliberal hegemony thesis would have us believe that the reforms endorsed by Meciar and Co., on one hand, and Klaus and Co., on the other, were, in the larger order of things, indistinguishable and that the same neoliberal ideology in fact triumphed in both countries. Put differently, what the advocates of the neoliberal hegemony thesis assert is that, even though the divergence of ideas was serious enough to compel political actors to engineer the collapse of an existing state, this diver-

20. A good collection of essays on the subject is Jiri Musil, ed., *The End of Czechoslovakia* (Budapest, Hungary: Central European University Press, 1995).

gence was not serious enough to compel scholars to recognize the ideas as incompatible and—let us use scholarly jargon for a moment—to "code" them under different analytical categories (e.g., "neoliberal" in one of the cases and something else in the other). Indeed, one does not have to be *a priori* antagonistic toward ideas-centered explanations to take such a claim with a grain of salt.

Another possible objection to the neoliberal hegemony thesis is that actually implemented reforms were so incoherent, tentative, and contradictory that to depict them as emanations of an ideology that is both comprehensive and radical would amount to committing a grand simplification. If, as happened in Romania, the prices of some foodstuffs are liberalized, but those of gas, electricity, fertilizers, and telecommunications are not, does that count as "radical," or "gradual" reform? If, as happened in Hungary, stringent bankruptcy laws are passed but then suspended for long periods of time, would it be fair to say that the country is "doggedly" implementing a "neoliberal blueprint"? If, as happened in Slovakia and Croatia, direct subsidies from the budget are slashed but money continues to flow into loss-making state-owned enterprises via private and state banks that are subsequently "refinanced" by the Central Bank or by the government, would it be justified to argue that budget constraints have been "hardened" in accordance with "the Washington consensus"? And if, as was the case in Bulgaria, the privatization of small enterprises dragged on for six or seven years, while the privatization of large, structurally important state-owned enterprises was still going on in 2004, is it warranted to conclude that "the belief in the market as a panacea" has sparked the enthusiasm of elites and populations? Given the perplexing complexity of actually transpiring phenomena, contentions that these phenomena mirror a set of simple, comprehensive ideas may elicit the objection that such a neat correlation between ideology and reality exists only in the proverbial "eye of the beholder."

The neoliberal hegemony thesis, then, does not seem to square well with the facts—facts that indicate that reformist ideas and practices varied dramatically in different countries and at different times. In the face of this undeniable problem, there seem

to be two strategies deployed by analysts who wish to "ground" the thesis empirically.

One line of reasoning goes like this. Given that neoliberalism is an intellectually defective and morally flawed ideology, the most salient empirical characteristic of all polities that have been forced to implement neoliberal reforms is that these polities are invariably wrecked by economic upheavals and social dislocation. Consequently, if it may be demonstrated that a polity had indeed been shattered by deep crises, this would prove that neoliberal ideology has triumphed therein. The work of Kazimierz Poznanski might serve as an example here. According to this author, "The most amazing aspect of the ongoing [promarket] reforms in Eastern Europe is that whenever there has been an attempt to implement them, these reforms produced an economic recession of unheard of proportions."[21] To substantiate this claim, he discusses several examples of "radical reformers," including Bulgaria and Romania.[22] Somewhat surprisingly for an article that puts forward radical neoliberal reforms as a primary cause, however, the text does not contain a single reference to any policy measure, politician, political force, or government in either Romania or Bulgaria that might be characterized as "neoliberal." In fact, even sympathetic readers will have to admit that, based on the evidence actually adduced and the literature cited in the text, the only thing that Poznanski knows about Bulgaria and Romania is that these countries suffered an ever deepening economic decline in the 1990s—on the basis of which he concludes that they must have experienced radical reforms. While Poznanski's expertise as a macroeconomist cannot be doubted, it is clear that this expertise is not matched by corresponding knowledge of what happened where and why in various East European countries. In the absence of such knowledge,

21. Kazimierz P. Poznanski, "The Crisis of Transition as a State Crisis," in Bönker et al., eds. *post-communist Transformation*, 55-76.
22. See in particular Table 3.1 in Poznanski, "Crisis of Transition," 66. The author also adds that in both countries, "radical reforms" were eventually abandoned "in a disorganized manner." But he never gives a clue as to what the distinction between "organized" and "disorganized" abandonment might mean. Such indecipherable caveats notwithstanding, Poznanski never qualifies the major claim on which his argument rests, namely, that both Bulgaria and Romania launched radical reforms in the 1990s and that is the reason why they suffered so much during the first post-communist decade.

Poznanski's claims about the momentous—and pernicious—impact of neoliberal ideas on Bulgaria and Romania ultimately rest on contrived extrapolations whereby the paramount causal significance of "neoliberal reforms" is *logically inferred* rather than *empirically demonstrated*. Such an approach confusingly presents a simple description of the "consequences" (socioeconomic decline) as a conceptual depiction of the "cause" (ideologically inspired reforms) and thus fails to shed sufficient analytical light on the causal chains that link ideas expressed at a particular moment to phenomena that occurred later.

The second strategy for lending empirical credence to the neoliberal hegemony thesis is to utilize certain types of evidence that are readily available to anyone studying post-communist politics. For example, it would be easy to demonstrate that at every juncture in each country, politicians across the political spectrum have repeatedly endorsed the notion of "economic reforms." Without exception, all political actors in Eastern Europe who enjoyed access to policy making after 1989 have reiterated the view that introducing markets into their national economies is necessary. And there can be no doubt that policies aimed at liberalization have been launched in every single post-communist country. The question is, Can this sort of evidence be invoked to substantiate the neoliberal hegemony thesis? That the correct answer is "yes" is assumed by those who hold that neoliberal ideas triumphed in the former "second world." Rather simply put, the advocates of the neoliberal hegemony thesis seem ready to treat politicians who insist that reforms are necessary as "neoliberals" and to describe policies that seek to promote markets as "ideologically inspired." Thus, every endorsement of reforms is treated as a pledge of allegiance to neoliberalism; "neoliberal" becomes a label attached not to particular *kinds* of reforms but to reforms *tout court*.

This monumental labeling operation might elicit a *commonsensical* objection: while it is true that all neoliberals are reformers, it is evidently not true that all reformers are neoliberals. Moreover, a skeptic might point to a *theoretical* trade-off: the more sweeping the claim about the role of neoliberalism, the less specifiable the distinct content of this ideology becomes. In other

words, in this Faustian bargain, the scope of explanatory power is seemingly increased only because the analytical core of an argument is shortsightedly surrendered. Indeed, once "neoliberalism" is treated as an all-encompassing label that might be effortlessly tagged to whatever it is that all proreform discourses in Eastern Europe have in common, it becomes increasingly difficult to claim that it constitutes a comprehensive and discrete ideology. In the context of explanatory frameworks in which the notion of "neoliberalism" signifies a general predisposition to contemplate a liberalization of the economy, the grandiose argument that ideology had a decisive impact on post-communist politics is reduced to the modest claim that the understanding that some promarket reforms might be necessary was more or less shared across Eastern Europe. While indisputably correct, this assertion is also trivial—it falls way short of revealing exhilarating truths about how the formerly communist polities underwent a spasm of ideological enthusiasm and how a set of ideas transformed an entire region.

At this point, it is perhaps necessary to emphasize that providing a good, solid definition of the ideational factors conjured up in scholarly interpretations is only one of the several burdens of proof that admirers of ideas-centered explanations of post-communist politics have to meet. To quote Berman one last time, "In order to be useful independent variables, ideas must be able to be clearly identified and associated with specific political actors."[23] It is incumbent on advocates of ideational arguments to pinpoint the actors that serve as "carriers" of the ideas posited as an important causal factor. And a quick glance at some of the most interesting ideas-centered explanations advanced in the social science literature over the past twenty years yields ample evidence that the identification of relevant actors is an indispensable first step toward the construction of any elaborate argument about the role of ideas in politics.[24]

23. Berman, *Social Democratic Moment*, 19.
24. Berman herself argued that it was the impact of differing ideas about the true essence of social democracy that accounts for the choice of diverging political strategies by social democratic parties in Germany and Sweden in the aftermath of World War I, and in her study, she discusses at length the role of politicians and activists such as Hjalmar Branting,

Has this first-order task, identifying the carriers of ideas, been properly handled in the literature on neoliberalism in Eastern Europe? Among the proponents of the neoliberal hegemony thesis, Bockman and Eyal are the only scholars who offer a more extended list of individuals that might be recognized as champions of neoliberal ideas. These individuals—whom the authors describe as "all-powerful political actors during the transition"—are Poland's Leszek Balcerowicz, Russia's Yegor Gaidar and Grigorii Yavliskii, Hungary's Janos Kornai, and the Czech Republic's Vaclav Klaus.[25] Since these characters are likely to appear in every narrative about the triumph of neoliberalism in Eastern Europe—and since such narratives would usually contain no other names—it is perhaps warranted to discuss both their neoliberal "credentials" and their "power" in more detail.

1. *Balcerowicz:* to the claim that Balcerowicz was a neoliberal in power, no objection can be raised. There is ample evidence that he is a "neoliberal" and that he had enough power to design and implement economic polices in Poland in 1990 and 1991. The case of Balcerowicz clearly can be used to buttress the neoliberal hegemony thesis.
2. *Gaidar:* The case of Gaidar is more complex. Indisputably, his views on policies such as privatization and macro-stabilization might be characterized as "neoliberal." And it is also true that he had some power in the early 1990s. Only those ignorant of the

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Ernst Wigforss, Nils Karleby, and Karl Kautsky. Likewise, G. John Ikenberry argued that "a set of policy ideas inspired by Keynesianism and embraced by a group of well-placed government specialists and economists was crucial" for the emergence of a new configuration of international financial institutions during the Bretton Woods negotiations in 1944. To substantiate this claim, he identifies "the group of government specialists" (e.g., Harry Dexter White, Jacob Viner, Alvin Hansen, and, of course, Keynes himself) and shows that they were, indeed, "well placed" (e.g., that they held positions in the Treasury Department or had direct access to policy making through institutions such as The Economic and Financial Group). See G. John Ikenberry, "Creating Yesterday's New World Order: Keynesian 'New Thinking' and the Anglo-American Postwar Settlement," in Judith Goldstein and Robert O. Keohane, eds., *Ideas and Foreign Policy* (Ithaca, NY: Cornell University Press, 1993), 57-86. Finally, analysts of Latin American politics who advance a claim rather similar to the neoliberal hegemony thesis—namely, that "neoliberal ideas" gained prominence throughout the entire continent and decisively changed the course of political processes—devote long passages to the education of pro-laissez-faire "technopols," to the composition of "reform teams," to the political developments that paved their ascent to power, and to the institutional dynamics whereby specific ideas were turned into policies. See Jorge I. Domingues, ed., *Technopols: Ideas and Leaders in Freeing Politics and Markets in Latin America in the 1990s* (University Park: Pennsylvania State University Press, 1997).

25. Bockman and Eyal, "Eastern Europe," 338.

realities of Russian politics, however, would claim that he was "all-powerful." He was constrained by the intransigence of an antiliberal Duma, his policies were systematically boycotted by other members of the hastily assembled Russian government (which included adamant antireformers), and, finally, he was completely subservient to the power plays of his boss, Boris Yeltzin, who fairly quickly reduced Gaidar's authority to design policies (the curtailment of Gaidar's prerogatives was in fact a concession Yeltsin rather willfully made during the ongoing negotiations with his rivals in the Duma).[26] Still, it is conceivable that the case of Gaidar can be used to support the argument that after 1991, at least some neoliberals in Russia gained some power.

3. *Klaus:* At first glance, the case of Klaus appears to be clear-cut—he is Balcerowicz's Czech *Doppelganger*. At second glance, things are not so crystal clear. To begin with, it is imperative to draw a distinction between Klaus the intellectual entertainer and Klaus the policy maker. Dazzled by the provocative speeches Klaus gave at academic conferences in the West, most observers left lecture halls convinced that he exemplifies the lamentable East European proclivity to out-Thatcher Thatcher. As a policy maker, however, Klaus was considerably more pragmatic, tentative, and calculating. Ever since the mid-1990s, knowledgeable analysts have moved beyond the clichés about Klaus's putative laissez-faire fanaticism and have pointed out that there is nothing "radical," "shocking," or "neoliberal" in the way he orchestrated economic reforms in the Czech Republic. And today, numerous studies are available that persuasively drive home the point that Klaus neither seriously contemplated nor in fact implemented "an ideologically inspired blueprint" in the Czech Republic but instead engaged in policies designed primarily to ensure his reelection and reward his close associates.[27] The case of Klaus cannot be used to support the neoliberal hegemony thesis.

26. See Lilia Shevtsova, *Yeltsin's Russia: Myths and Reality* (Washington, DC: Carnegie Endowment for International Peace, 1999), especially chaps. 2 and 3.
27. See, in particular, David Stark and Laszlo Bruszt, *Postsocialist Pathways* (Cambridge: Cambridge University Press, 1998); and Hilary Appel, "Corruption and the Collapse of the Czech Transition Miracle," *East European Politics and Societies* 15 (Fall 2001): 528-53. Stark and Bruszt praise Klaus for his commitment to democratic politics, that is, for forgoing ideologically driven agendas in favor of carefully crafted policies intended to mobilize political support for his initiatives among large social constituencies. Appel is much more critical of Klaus and accuses him of using proreform rhetoric to mask massively corrupt practices. In hindsight, of course, Appel's sobering analysis seems much more persuasive than Stark and Bruszt's somewhat unrestrained praise of "Klaus the grass-roots activist." The important point to grasp, though, is that Stark, Bruszt, and Appel share the view that to gain true knowledge about who got what when and how during Klaus's rule in the 1990s, one needs to look beyond the tantalizing neo-Hayekian catch phrases with which he entertained Western academic audiences. On Klaus's pragmatism, see also Steven Saxonberg, "Vaclav Klaus: The Rise, Fall and Re-emergence of a Charismatic Leader," *East European Politics and Societies* 13 (Spring 1999): 319-418.

4. *Kornai:* Contrary to what Bockman and Eyal assert, Kornai has never been "an all-powerful political actor."[28] Conceivably, a meticulous exegesis of Kornai's writings might yield textual evidence that could be interpreted as a support for more "radical" approaches. Nevertheless, to depict this complex thinker as a narrow-minded ideologue who sticks to the simple tenets of "the Washington consensus" is to offer a misleadingly crude sketch where an artful Rembrandtian portrait would be much more fitting. After all, in the preface to his most comprehensive, programmatic work on post-communist economic reforms, Kornai pointed out that his reflections "do not offer a miraculous, universally applicable cure for all our troubles."[29] In various writings, he expressed the view that "gradualism" could work and gave Hungary as an example.[30] Finally, and perhaps most damagingly for those who seek to expose Kornai as a member of the neoliberal cabal, he sometimes expresses a *preference* for gradualism over "shock therapy."[31] With regard to Kornai's power, it is imperative to add that there is no evidence that his ideas were more influential in shaping Hungarian policies and the Hungarian intellectual milieu more generally than the ideas of nationalists such as Istvan Czurka, social democrats such as Janos Kis, and idiosyncratic intellectual mavericks such as Gaspar Miklos Tamas—all of whom, it is worth accentuating, were members of ruling parliamentary coalitions at various points in the early 1990s. The case of Kornai therefore cannot be used as evidence that neoliberalism became "hegemonic" after 1989.
5. *Yavlinski:* Whether Yavlinski is a neoliberal is a hard question to answer; he himself professes greater sympathy for Douglas North and "institutionalism" than for Milton Friedman and *laissez-faire*.[32]

28. "I am an independent researcher and an independent teacher. This means I have not been an adviser to this government or to the last. Nor am I an adviser to any political party, and so in this sense I did not take part in preparing the government programme. I consider my main way of contributing to be my writing." See "A Steep Road: An Interview by Laszlo Zsolt Szabo on the Stabilization Programme," in Janos Kornai, *Struggle and Hope* (Cheltenham, UK: Edward Elgar, 1997), 88.
29. Janos Kornai, *The Road to a Free Economy* (New York: W. W. Norton, 1990), 18.
30. "The specific feature of the development in Hungary has been that the narrowing down of shortages and subsequent elimination of the shortage economy have taken place *gradually*, over a very protracted period"; "Hungary has undergone a *gradual* liberalization of imports in several stages"; "Hungary has undergone a *gradual* hardening of the budget constraint." See Kornai, "Eliminating the Shortage Economy: A General Analysis and Examination of Developments in Hungary," in *Struggle and Hope*, 9, 11, 13, emphasis added.
31. "The expression 'gradualism of privatization, Hungarian style,' contains a modicum of national pride, and at least as much self-mockery. But it certainly seems that the strategy *works* and will result, in the foreseeable future, in the privatization of the enterprises that are viable and that it is not expedient to retain in state ownership." Kornai, "Paying the Bill for Goulash Communism," in *Struggle and Hope*, 160.
32. See Serguey Braguinsky and Grigory Yavlinsky, *Incentives and Institutions: The Transition to a Market Economy in Russia* (Princeton, NJ: Princeton University Press, 2000).

> But the question is moot: Yavlinski might have been actively involved in debates about economic reforms in 1990, but ultimately he lost all battles in which he was involved, ideological as well as political, and was never in a position to implement any policy ideas.[33] In fact, his political fate—numerous defeats, increasing marginalization, perpetual hovering around (and ultimately below) the electoral threshold—graphically illustrates the weakness, rather than "the hegemony" of the advocates of market reforms in Russia.

To recapitulate: Balcerowicz and Gaidar are the only "carriers" of neoliberal ideas identified by the proponents of "the triumph of neoliberalism" paradigm. What we have, then, are the names of two individual politicians from two countries, individuals who were never all-powerful leaders (prime ministers, presidents, or party chairmen) and were forced to relinquish their power after less than two years in office.[34]

It seems that to preempt the charge that they have failed to offer a satisfactory answer to the question "who are the powerful actors who doggedly promoted neoliberal agendas throughout the 1990s across the entire region," the advocates of "the neoliberal hegemony" thesis should expand their list of characters to include ideologically driven *and* powerful neoliberal reformers from *all* countries where the triumph of neoliberalism is alleged to have taken place, for example, Hungary, Slovakia, Romania, and Bulgaria. Or else, they should demonstrate that the political cliques and leaders that in fact did gain dominant positions in these countries—prominent political actors such as Jozsef Antall, Vladimir Meciar, Ion Iliescu, Andrei Lukanov, and Zhan Videnov—were, all appearances to the contrary notwithstanding, neoliberals for whom strict adherence to the "Washington Consensus" was the highest political virtue. The first task

33. See Michael McFaul, *Russia's Unfinished Revolution* (Ithaca, NY: Cornell University Press, 2001), 142.
34. Balcerowicz was ousted from his position toward the end of 1991. See Mitchell A. Orenstein, *Out of the Red: Building Capitalism in post-communist Europe* (Ann Arbor: University of Michigan Press, 2001), 41. Gaidar was pushed out of the Russian government in late 1992 and briefly regained power in October to December 1993. His second ouster coincided with the end of what the powerful new Prime Minister Viktor Chernomyrdin contemptuously described as "the age of market romanticism." See McFaul, *Russia's Unfinished Revolution*, 223, 236.

seems quite intriguing: comparatively speaking, it amounts to demonstrating that despite the high visibility enjoyed by Rumsfeld, Wolfowitz, Rice, and Cheney, real power in George Bush's administration in fact lies in the hands of an overlooked group of policy makers unflinchingly devoted to the gospel of multilateralism in international relations. The second task is even more exciting: it should take a master reader of the human mind to detect the powerful torrents of neoliberal ideas that actually guide the political behavior of an Iliescu, and one would need a giant crystal Freudian ball to uncover the neoliberal *id* strapped beneath the populist *ego* in the multilayered personality of a Meciar.

Until either of these tasks is accomplished, however, interested readers are confronted with the following choice. They can accept the contention that "from the fact that for two years Balcerowicz was a Finance Minister in Poland we can safely infer that neo-liberalism triumphed in Bulgaria" as a basically sound scholarly argument about the role of ideas in East European politics.[35] Or, alternatively, they may conclude that, to the extent that the claim that neoliberalism has triumphed in Eastern Europe after 1989 is a falsifiable proposition about the role of ideas in post-communist politics, it is fairly easy to falsify.

The ideological imposition thesis

In a friendly criticism of the literature on ideas, Barry Weingast and Geoffrey Garrett made the following observation: "Ideas are

35. Interestingly, much of the "evidence" about the putative all-pervasiveness of shock therapy is derived from the experience of post-communist Poland. One cannot help but notice that there exists an intriguing continuity in the way in which the peculiarity of Polish politics was integrated in the official communist discourse on the Soviet block *before* 1989 and in the dominant academic discourse on post-communist Eastern Europe *after* 1989. Both "before" and "after" Poland is depicted as the place where dangerous ideas intended to hurt "the people" originated (e.g., independent trade unionism and "shock therapy"), as the harbinger of political practices that diffuse through borders and subvert "the normal life" of other nations (e.g., the Solidarity movement and "neoliberalism"), as the homeland of lunatic radicals who threaten to destabilize neighboring regimes (e.g., the activists of KOR and Balcerowicz). Both "before" and "after," it is largely assumed that the Polish ways of doing things reverberate throughout Eastern Europe. Hence, the peculiar proneness to use the Polish case to generate explanations and analyses that purport to reveal developments that might reshape—and the dangers that threaten to engulf—the entire region.

a dime a dozen: for one that works there are many that do not."[36] Why do some ideas have a formative impact on, while others remain largely irrelevant to, the political process? This question alludes to yet another analytical burden of proof that the defenders of ideas-centered approaches will have to meet: they have to explain why the ideas in question mattered so much and to specify the mechanisms whereby these ideas shaped both policy making and policy implementation. That the failure to address this issue in a satisfactory manner might undermine the validity of ideational arguments has been widely recognized by now. As Peter A. Hall pointed out, "[The failure] to make any attempt to specify the conditions under which ideas acquire political influence . . . leaves a large lacuna at the center of our understanding of public policy."[37] Along the same lines, Judith Goldstein and Robert O. Keohane readily acknowledged that to lend credence to their claims about the role of ideas in foreign policy, "we must also provide evidence about the conditions under which causal connections exist between ideas and policy outcomes."[38] Likewise, Peter Gourevitch, who examined a famous historical example of how economic ideas decisively shaped trajectories of national and international development, asserted that "the adoption of Keynesian policies is a problem not only in the history of ideas, but in political sociology."[39] And the most influential literature on the role of ideas does indeed contain various examples of how the problem of integrating politico-sociological analysis into ideology-centered inquiries has been approached and resolved.[40]

36. Geoffrey Garrett and Barry R. Weingast, "Ideas, Interests and Institutions: Constructing the European Community's Internal Market," in Goldstein and Keohane, eds., *Ideas and Foreign Policy*, 203.
37. Peter A. Hall, "Introduction," in Peter A. Hall, ed., *The Political Power of Economic Ideas: Keynesianism across Nations* (Princeton, NJ: Princeton University Press, 1989), 4.
38. Judith Goldstein and Robert O. Keohane, "Ideas and Foreign Policy: An Analytical Framework," in Goldstein and Keohane, eds., *Ideas and Foreign Policy*, 11.
39. See Peter A. Gourevitch, "Keynesian Politics: The Acceptance of Keynesianism in Britain and the United States," in Hall, ed., *Political Power*, 87.
40. For example, Hall considers and evaluates various hypotheses that explain why Keynes's ideas became influential; Goldstein and Keohane demonstrate how ideas may serve as "road maps," "focal point and glue," and "institutionalized practices"; Gourevich examines how social coalitions become a vital force propelling the New Deal in the United States and the policies of the Popular Front in France.

How do the defenders of the neoliberal hegemony thesis explain the rise of this ideology in post-communist Eastern Europe? One particular answer has attained a hegemonic status in the literature: these ideas became dominant in Eastern Europe because the international financial institutions imposed them on reluctant populations anaesthetized with promises about "Western standards of living." In other words, the reason why neoliberal ideas became hegemonic is because they were forcefully pushed down a rigidly hierarchical axis of power at the top of which stood experts affiliated with "the international financials institutions" (IFI), while the servile and/or emasculated East Europeans were at the bottom. This claim I will hereafter call "the ideological imposition thesis."[41]

The first thing that should be said about this thesis is that it is eminently plausible—or at least more plausible than the neoliberal hegemony thesis. What is problematic about it, however, is that it lacks detailed analyses of the crucial mode of interaction posited as a mechanism for diffusion of neoliberal ideas, the interaction between IFI and East European governments. The stylized narrative that is usually offered typically does not go beyond repeated invocation of "the pressure" exerted by IFI and "the subservience" of East European reformers. This narrative, however, sheds very limited light on the nature of the power wielded by IFI and proceeds on the basis of rather crude assumptions about the behavior of East European reformers.

Where does the power of IFI come from? "They hold the money" is an answer that quickly comes to mind—but also an answer that is unconvincing. IFI also held the money in the

41. For specific examples of how "the imposition thesis" is formulated and defended, see Przeworski, "Neoliberal Fallacy," 45, and Peter Murrell, "The Transition according to Cambridge, MA," *Journal of Economic Literature* 33 (March 1995): 164-78. See also Amsden, Kochanowicz, and Taylor, *Market Meets Its Match*, viii, according to whom Eastern Europeans were forced to follow "the prevailing opinion in Washington, D.C., where the Republican administrations then in power—for reasons of ideology and foreign competition rather than theory or empirical data—espoused a mythological version of eighteenth century laissez-faire." Interestingly, the three coauthors also assert that "the persistent reliance on shock therapy in Eastern Europe has also been voluntary. Its use is a reflection of the opinions of the local intelligentsia." Not surprisingly, however, they fail to produce a single piece of evidence in support of the contention that there is a "persistent reliance on shock therapy in Eastern Europe," and the *only* representative of the "local intelligentsia" they mention is, predictably, Balcerowicz.

1980s, when their ability to spread neoliberal ideas in the Soviet empire was limited, and the fact that they hold the money today does not make them formidable players in the domestic politics of, say, China, Zimbabwe, or Putin's Russia. Moreover, why should we presuppose that the "utility function" of the cadres employed by IFI is the expansion of a particular ideology rather than the advancement of their own bureaucratic interests? Is it reasonable to assume *a priori* that these cadres are a rare, idealistic species completely different from the typical bureaucrats whose conduct, as we know from Michel Crozier's classic book, bears testimony to "the active tendency of the human agent to take advantage . . . of all available means to further his own privileges"?[42] If the bureaucrats who staff IFI are primarily concerned with promotion and bureaucratic perks, they would care less whether "the locals" stick to or deviate from the ideology-laden instructions they have been given and worry more about how to convince their bosses that their programs work. In this case, however, analysts ought to construe the ongoing relations between "locals" and IFI as complex negotiations based on some sort of mutual interests rather than ideological fervor. In the meantime, for at least some skeptics, accounts in which particular developments are attributed to an ideological crusade of IFI will be suspiciously reminiscent of a "black box" explanation.

That the exact nature of the power wielded by IFI remains underexplained and understudied, then, is one of the problems that cast doubt on the veracity of the otherwise believable "imposition thesis." A second difficulty is the rather problematic nature of assumptions about the behavior of East European elites. Why would East European politicians, a diverse, unruly, manipulative bunch, accept sheepishly the *Diktat* of IFI? As a rule, the answers to this question are cluttered with primitive stereotypes and unimaginative clichés.[43] For some scholars, the readiness to listen

42. Michel Crozier, *The Bureaucratic Phenomenon* (Chicago: University of Chicago Press, 1964), 194.

43. An exception to this rule are Brockman and Eyal, who argue that the worldview rose to prominence as a result of ongoing exchanges between East European economists and their laissez-fairian counterparts in the 1960s and 1970s. While their interpretation might be critiqued from a variety of analytical and empirical angles, it should be mentioned that they have set for themselves—and tried to accomplish with admirable analytical skill and solid

to IFI is a manifestation of immaturity—reformers behave the way they do because they covet "the yellow jersey for first place in the statistical race to capitalism."[44] For others, the acceptance of neoliberalism bespeaks cultural ignorance: inexperienced East Europeans simply have no idea how Western societies actually work.[45] Finally, there are those for whom the very fact that newly empowered East European leaders are inclined to follow Western models is a sign that they lack "the spiritual power," "the courage," and "the vision" that would allow them to reject capitalism and seek ways to transcend it.[46] It is difficult to avoid the conclusion that such explanations seek to convey the moral disapproval of frustrated Western commentators rather than advance analytical interpretations of the actual conduct of East European agents. As a result, fundamental issues related to "the ideological imposition thesis" are yet to be addressed in a convincing and thorough manner: why would former *nomenklatura* cadres, now post-communist leaders, who obviously know how to take care of their own interests and who are well schooled in the art of bureaucratic maneuvering, be ready to behave as pawns in the hands of despised foreign agents? Why would former dissidents, now members of the political elite, who obviously know how to resist the encroachments of "the powers that be" and to preserve their ability to make autonomous judgments, all of a sudden metamorphose into pliable marionettes whose strings are pulled by distant puppeteers? The rudimentary "political sociology" invoked to buttress the ideological imposition thesis can hardly dispel residual doubts regarding the claim that

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empirical research—a task that other "ideational theorists" routinely neglect, namely, to explain why and how "the Washington consensus" all of a sudden "triumphed" in a peripheral region of the world situated thousands of miles away from Washington.

44. David Stark, "Networks of Assets, Chains of Debt," in Roman Frydman, Cheryl W. Gray, and Andrzej Rapaczynski, eds., *Corporate Governance in Central Europe and Russia: Insiders and the State* (Budapest, Hungary: Central European University Press, 1996), 116.
45. David Ost, "Illusory Corporatism in Eastern Europe: Neoliberal Tripartism and post-communist Class Identities," *Politics and Society* 28 (December 2000): 503-30. Notably, it is workers reluctant to embrace labor union militancy, not just reformist elites, that Ost seeks to stigmatize as ignoramuses.
46. The thinly veiled accusation that East European reformers—many of them former dissidents repeatedly harassed, persecuted, and imprisoned because they opposed Marxist dogma—lack "spiritual power, courage and vision" is voiced by Zhiyuan Cui, "Privatization and the Consolidation of Democratic Regimes: An Analysis and an Alternative," *Journal of International Affairs* 50 (Winter 1997): 691-92.

negotiations with IFI are the primary vehicle whereby neoliberal ideas became hegemonic in Eastern Europe.

These residual doubts might be amplified if we pay due heed to certain facts routinely neglected in the skeletal story about how IFI imposed their will on East Europeans who were either unable to resist or unforgivably naïve. First, there is evidence that suggests that negotiations between IFI and post-communist countries involved a two-way, rather than one-way, traffic of ideas and political considerations. Simply put, when conflicts between formerly socialist countries and IFI occurred, sometimes it was the IFI rather than "the client" that had to give up their demands. For example, Stefan Hedlund pointed out that about 1993, the views of Western policy makers—political leaders as well as IFI cadres—consolidated around what he called "the policy of Russia first." What that policy meant in practice was that Russia will get a uniquely privileged sort of treatment: "political considerations must be allowed to override the rules and practices that had been IMF [International Monetary Fund] standards for decades . . . Russia would be more or less exempt from all the rules and sanctions that were rigorously enforced in all other cases of countries turning to the IMF for assistance."[47] If this is the case, however, simplistic references to "imposition" will mask a multidimensional pattern of negotiations—negotiations during which, one is entitled to suspect, idealistic concerns about disseminating neoliberal "truths" were not very high on the agenda.

To the example just considered—how IFI sought to please, rather than subjugate Russia—one might respond *quod licet jovi, non licet bovi*. Fair enough. Maybe Russia enjoys a special status. The problem for the advocates of the ideological imposition thesis is that there is also evidence that countries that are not among the Goliaths of geopolitics have refused to abide by the rules

47. Stefan Hedlund, *Russia's Market Economy: A Bad Case of Predatory Capitalism* (London: University College of London Press, 1999), 122. In this remarkable book, Hedlund also narrates how a wholly new International Monetary Fund (IMF) policy, "Systematic Transformation Facility," was invented with the sole purpose of "facilitating lending to post-communist countries on more lenient terms" and how after Russia failed to meet even these "more lenient terms," a series of tranches were released after "a little hunting expedition undertaken by managing IMF director Michel Camdessus and Russian Prime Minister Viktor Chernomyrdin" (pp. 165-66).

offered by IFI. Two examples will suffice. In 1992, Jeffrey Sachs proposed to the Slovenian government an IMF-endorsed plan for rapid privatization in the country. One of the deputy prime ministers, Joze Mencinger, opposed Sachs's blueprint. When the plan was formally approved by the government, Mencinger submitted his resignation. At that point, Prime Minister Alojz Peterle had to make a choice: either heed Sachs's "neoliberal" advice and dismiss Mencinger, or appease Mencinger and rebuff Sachs. This is clearly a situation in which the champions of the ideological imposition thesis would predict the triumph of the arrogant foreign adviser and the demise of the brave "native" who dared to dissent. Unfortunately, the exact opposite happened: Mencinger retained his position, and "the neoliberal blueprint" was snubbed.[48]

The case of Bulgaria is also illuminating. It disproves one of the unquestioned premises of post-communist economic analysis, namely, that East European governments "have no choice but to accept the conditions of international lenders." There is *always* a choice—a government may choose to default on its foreign debt. This is precisely what the last all-communist Bulgarian government did in March 1990. Not only did the ex-communists opt for this alternative, but they did not have to pay a heavy price. Ensuing economic troubles were confidently blamed on hostile Western capitalist forces and their local lackeys (i.e., the noncommunist opposition) and, except for a brief nine-month period in 1992, the Bulgarian Socialist Party retained its firm grip on power until 1997. IFI were slighted for a second time in 1995-96, when the government of Zhan Videnov, which had applied for a loan with the IMF, declared the conditions attached to the loan unacceptable and cancelled further negotiations.[49] It is hard to see how these interesting stories from Slovenia and Bulgaria can be made to fit the ideological imposition thesis.

48. See Svetlana Vasojevic and Igor Mekina, "Privatization: 'No' to Foreigners?" *Alternative Information Network*, 18 October 2000, http://www.aimpress.ch/dyn/trae/archive/data/200010/01018-005-trae-lju.htm. See also Svetlana Vasovic, "The Power of Selfish Interests: Interview with Joze Mencinger," *Vreme News Digest Agency*, No. 24, 9 March 1992, http://www.scc.rutgers.edu/serbian_digest/24/t24-8.htm.

49. Both the default and the events of 1995-96 are discussed in detail in Krassen Stanchev, ed., *Anatomia na preboda: stopanskata politika na Bulgaria 1989-2004* ["Anatomy of the Transition: Economic Policy in Bulgaria 1989-2004"] (Sofia: SIEMA, 2004).

Finally, there is evidence that IMF-sponsored plans, even if adopted, are systematically boycotted and sabotaged in practice. A preliminary point worth thinking about is the following: it is one thing to report that politicians have promised to implement certain policies; it is quite another thing to demonstrate that these same politicians have fulfilled their promises and, as a result, the socioeconomic landscape has been dramatically reshaped. As Stephen Holmes has persuasively argued, it is precisely when they *do not* intend to seriously pursue a particularly policy that local power holders assign the task of drafting the requisite legislation to Western experts. Or, put somewhat more provocatively, the very involvement of foreign consultants should perhaps be treated as a *prima facie* evidence that the policy in question *will not* have any serious impact on the actual behavior of politically relevant constituencies, and therefore observers determined to figure out what is going on might be well advised to look beyond the readily observable formal procedures in which assorted Westerners so proudly participate.[50] Along the same lines, anthropologist Janine R. Wedel, a careful explorer of interactions between "Easterners" and "Westerners," once observed that Poles are quite apt at doing something she called "the ritual of listening to foreigners": charming their richer and seemingly more powerful counterparts, "the shrewd Poles . . . revealing nothing of what they truly thought," would easily "get what they wanted" while pretending to do the foreigners' bidding.[51] Would it be preposterous to suggest that "the ritual listening to foreigners" might have been performed during negotiations between IFI and post-communist governments? What if East European governments accept the conditions of IFI, received the first tranches of a negotiated loan, and than fail to tighten the fiscal belt? Romania might serve as a case in point. Unlike Bulgaria, Romania never severed its relations with international creditors, but, throughout the 1990s, it did not implement IFI-sponsored reforms either. For

50. "Russians with clout serenely consigned the law-making process to foreign consultants, while keeping the buying and selling of de facto exemptions to themselves." Stephen Holmes, "Lineages of the Rule of Law," in Adam Przeworski and Jose Maria Maravall, eds., *Democracy and the Rule of Law* (Cambridge: Cambridge University Press, 2003), 45.
51. Janine R. Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe, 1989-1998* (New York: St. Martin's, 1998), 3.

example, "although the Romanian government agreed with the IMF to cut the budget deficit to 2.2% of the GDP in 1996," that same year the deficit "expanded to 5.8% of the GDP."[52] The same pattern continued under a new governing coalition in the late 1990s. Even though the country received from the IMF $1 billion for "restructuring," privatization was blocked, and in 1999, the IMF "stopped disbursements to Romania."[53] In light of this evidence, is it feasible to assume the causal primacy of IFI-sponsored programs in the transformative processes engulfing Romania? The broader question that the Romanian case raises is this: did the negotiations between East European officials and IFI in the 1990s serve as a vehicle for imposition of ideas, or did these ideas simply play the role of a rhetorical façade used by self-interested elites in search of short-term solutions to severe cash problems? The more evidence we amass about how East Europeans were ready and willing to take "neoliberal" money and then run with it in nonneoliberal directions, the less sustainable becomes the argument that contacts with IFI irrevocably triggered the ideological homogenization of the former Soviet world.

The foregoing observations should not be construed as a frontal assault on the ideological imposition thesis—that IFI were instrumental in promoting a certain ideology in Eastern Europe after 1989 is a hypothesis worth examining. Still, it bears underscoring that the story of how East Europeans interacted with Westerners is more complex than the pedestrian scenario of how the strong subdued the weak would have us believe. The following point seems particularly important: the two most damaging types of evidence one can adduce to disprove this thesis are, first, that the relations between IFI and their "clients" were characterized by a certain degree of pragmatism and mutual adjustment, or, second, that they resulted in the siphoning off of public money into private pockets. Clearly, if the transactions between IFI and "locals" were planned and carried out to benefit well-

52. Gabor Hunya, "Romania 1990-2002: Stop-Go Transformation," *Communist Economies and Economic Transformation* 10 (June 1998): 241-58, at 245. Hunya discusses numerous other occurrences that fit the same pattern.
53. Wally Bacon, "Economic Reform," in Henry Carey, ed., *Romania since 1989: Politics, Economics and Society* (Lanham, Md.: Lexington Books, 2004), 380.

positioned insiders, then it would be ridiculous to claim that such transactions were primarily intended to transmit eastward a particular Western ideology. If such evidence is brought to the foreground, the central pillar of mainstream analysis—that the true significance of ongoing contacts between Western lenders and East European recipients lies in the unilateral imposition of a particular ideology—will be seriously shattered.[54] Exploring other possible mechanisms that facilitated the traffic of neoliberal ideas—hypotheses *other than* the one that attributes the diffusion of neoliberal ideas to the lopsided bargaining between powerful foreigners and weak natives—might be a more promising venue for future research.

Conclusion: In pursuit of the zeitgeist?

None of the arguments presented in this article should be construed as an implicit endorsement of neoliberal policies. Neoliberalism may, indeed, be a defective theory, and radical reforms may, indeed, be fatally flawed. On topics such as whether neoliberalism is *a priori* good or bad and what the first principles of "transition economics" should be, I choose to remain obdurately agnostic. The real problem to which I have tried to direct attention is that the analytical defect that Judith Goldstein and Robert Keohane characterized as "the most egregious error that proponents of the role of ideas have made," namely, to assume that there is a direct causal connection between ideas allegedly held by policy makers and political outcomes, seriously undermines the analytical value of ideational accounts of post-communist politics.[55] The proposition that a putative "neoliberal triumph" should compel students of post-communism to embrace ideas-centered analytical frameworks is yet to be defended in a theoretically sound and empirically grounded manner.

54. Janine Wedel's findings about "collusion" between Russian economic policy makers and Harvard-based American consultants are particularly interesting in that respect. See *Collision and Collusion*, chap. 4.
55. Goldstein and Keohane, *Ideas and Foreign Policy*, 11.

Perhaps one reason why such accounts have been so widespread is because they offer an angle of vision that allows novel phenomena to be effortlessly incorporated into a readily available analytical framework. By the late 1980s, when several IFI-sponsored programs had run their course in Latin America and Africa, critiquing neoliberalism programs was a blossoming intellectual business. Academics from around the world had at their disposal a large array of charges that they could employ against anyone identified as neoliberal. It is precisely these charges—about how markets erode communities and inevitably cause economic decline, social injustice, and poverty; how capitalist visions imposed from abroad suppress socialist alternatives emerging from below; how treacherous local elites conspire with corporate and financial power brokers in the United States to relegate instinctively anticapitalist populations to a neocolonial status in a globalizing economy; how free markets are ultimately incompatible with "genuine" democracy—that were somewhat mechanically relaunched in a new, post-communist context. By presenting post-communist reality as an emanation of neoliberal ideology, advocates of ideas-centered explanations could demonstrate how the *unprecedented*—the dynamically changing situation that transpired after the collapse of the fairly unique communist regimes—can be reduced to the *well known* or the generic, if painful, travails of societies undergoing economic liberalization. It is understandable, then, that scholars who look at post-communist transformations through the lenses of ideas-centered analysis will concentrate on the patina of "the familiar" layered on a historical situation that might otherwise be characterized as *sui generis*, perplexing, tantalizingly hard to classify. Moreover, once neoliberal "hegemony" is singled out as the issue of all issues, ideational accounts of post-communist politics may instantly draw sustenance from the imagery, analytical tropes, and intellectual energies that flow from one of the dominant Grand Narratives of the 1990s, a Grand Narrative that features IMF and the World Bank in the role of malevolent *deus ex machina* transmogrifying every corner of the globalized world in accordance with "the Washington consensus" and that posits that the study of political change in the post–cold war period should

be framed as comparative analysis of neoliberal failures. The superimposition of the newly emerging intellectual discourse on economic change in the former socialist world over the preexisting intellectual discourse on neoliberalism thus allows scientists studying post-communism to present their findings as a validation of broader and darker truths about "our era."

The main argument articulated in this essay is that it is imperative, amidst the boundless enthusiasm for ideas-centered explanations, to examine critically the conceptual, analytical, and intellectual premises that undergird such explanations. As we already saw, one such premise is that inquiries into the impact of neoliberal ideology on post-communist economic restructuring should be reduced to a search for the least common denominator in demonstrably different ideas and practices. The problem is that, driven by this analytical logic, researchers should be forced to "abstract" from what particular actors think, say, and do in order to grasp the general directionality of regionwide trends. The contention that a set of ideas decisively shaped trajectories of economic development will thereby be transformed from a claim about the behavior of decision makers and the ideational content of policy programs into a postulate about what Emile Durkheim called the "objective meaning of social facts."[56] While a general evaluation of the strengths and weaknesses of Durkheim's rules of the sociological method is, of course, not a task that should be addressed here, one thing should be clear: the premises of the Durkheimian paradigm are incompatible with the notion that the consciously held ideas of small elites may affect the development of modern societies.[57] Quite the opposite: any analytical recalibration of ideas-centered accounts along Durkheimian lines will necessitate the discarding—as irrelevant—of the "subjective" meanings that political beliefs might have for human beings. As is widely known, Durkheim wrote a study of suicide in which he never explored what the meaning of such an act—or the meaning of life and death—for those who commit it might be;

56. Cf. Emile Durkheim, *The Rules of Sociological Method and Selected Texts on Sociology and Its Methods* (New York: Free Press, 1982).
57. An excellent essay on the subject is Steven Lukes's introduction to Durkheim's book *Rules of Sociological Method*.

in a similar manner, one might envisage a narrative about economic restructuring in Eastern Europe in which the ideas of specific policy makers are not even discussed, where "neoliberal hegemony" is treated, to use a Durkheimian expression, as "inherent in the facts."[58] The epistemological status of such a claim, however, would be that of a holistic generalization that seeks to capture something "higher" than the motives for action of reformist elites. In effect, then, such a statement negates, rather than affirms, the role of ideas in post-communist politics.

Furthermore, an argument can be made that in the context of current analyses of economic change in Eastern Europe, the term "neoliberal" is used not in the sense of a set of ideas that actually mold the behavior of strategically located groups and individuals but in the sense of what Karl Mannheim calls "a total conception of ideology." This conception of ideology rests on the understanding that "neither the concrete individuals nor the sum total of them can legitimately be considered as bearers of the ideological thought-system as a whole." It also inexorably shifts the focus of analysis away from the ideas that guide policy making and toward "the reconstruction of the systematic theoretical basis underlying the single judgment of the individual." Finally, the ultimate objective of analyses that conjure up a "totalistic" conceptualization of ideology is not to explore "causal connections, but to characterize the total situation."[59] The claim that neoliberalism "triumphed" would certainly appear quite meaningful to those who embrace "a total conception of ideology," but it bears emphasizing that the heuristic function of this proposition is to articulate a general interpretation of the historical essence of a particular historical period. Construed in such a manner, "neoliberalism" obviously cannot play the analytical role of an explanatory variable in a carefully crafted, empirically accurate, context-sensitive ideational argument.

Objectified *a la* Durkheim and totalized *a la* Mannheim, the "neoliberal ideology" conjured up in ideas-centered accounts of post-communist politics becomes a background "constant" that shapes the course of events, irrespective of what politicians and

58. Durkheim, *Rules of Sociological Method*, 86.
59. Karl Mannheim, *Ideology and Utopia* (New York: Harvest Books, 1936), 58-59.

social constituencies in concrete countries actually do. It works its magic as a cunning Hegelian zeitgeist fully capable of acting behind their backs, as a holistic force radically detached from the particular modes of action, or the actual motivation of historical individuals. The neoliberal hegemony thesis and the ideological imposition thesis are thus most stimulating as an invitation to engage in intellectual exchanges about the philosophical and conceptual assumptions that should inform our understanding of an emerging social totality. And in principle, of course, there is nothing wrong with the invitation. Problems do arise, however, if such exchanges are paraded as causal analysis that claims to link the outcomes of large transformative processes to the ideological preferences of identifiable agents. It was precisely in her critique of Hegel's zeitgeist-centered interpretation of the French Revolution that Hannah Arendt insisted that the fallacy of his approach consists in "describing and understanding the whole realm of human action, not in terms of the actor and the agent, but from the standpoint of a spectator who watches a spectacle."[60] I submit that the same problem—abandoning the realm of human action for the sake of reaffirming academic spectators' predetermined understandings about the post–cold war epoch—is on display in the dominant neoliberalism-centered approaches to post-communist politics. What is presented as a study of East European actors and phenomena is sometimes a thinly disguised intimation of the privileged position of the scientist-observer for whom post-communist politics is nothing but a replay of a spectacle long since observed, catalogued, and pinned down into a herbarium of immutable concepts and assumptions: the spectacle of the "capitalist periphery" being victimized by forces operating in the "capitalist core." But the more serious problem is that the ambition to grasp historical essences and ultimate truths about the contemporary world frequently serves as a license to severely circumscribe the scope of research and straitjacket evidence into preconceived explanatory schemes. In the case of the dense antineoliberal narratives about the former "second world," this license has distorted research agendas in numerous ways: it

60. Hannah Arendt, *On Revolution* (London: Penguin, 1977), 52.

privileges analysis of Western documents over actual behavior of East Europeans, it accords higher priority to political statements rather than real mechanisms for exerting power, and it generally legitimates a preference for "assuming" and "inferring" rather than investigating and demonstrating. Lamentably, more often than not, ideas-centered explanations of post-communist politics bear testimony to the fact that the unchecked desire to make facts fit favored analytical claims leads astray scholarly pursuits. Insofar as they systematically forgo the study of who did what when and why, ideational accounts aggravate what Michael Bernhard diagnosed as one of the most dangerous syndromes debilitating the intellectual discourse on post-communism: "theory-building in an empirical wasteland."[61]

It would seem, then, that the crusade against neoliberalism has pushed ideas-centered accounts away from their most fruitful ground. Somewhat provocatively, I would assert that scholars who wish to understand how ideas molded transformative processes in post-communism should focus on areas *other than* economic change. Indeed, it is hard to think of a facet of post-communist politics—democratization; the rise of pluralist electoral politics; experiments with constitutionalism, separation of powers, and the Rule of Law; modes of ethnic conflict and reconciliation; the reconfiguration of state structures; the redefinition of gender and ethnic roles; European unification—that is less amenable to ideas-centered explanations and, concomitantly, more amenable to analyses framed in terms of elite power, a specific structure of incentives, self-interested behavior, and a historically formed institutional context.[62] There is something puzzling in the following fact. By 2004, it has become obvious that differences in the Freedom House "democracy rankings" of East European countries are miniscule, and yet there is a steady flow of theories about how these differences are due to "structural causes" such as historical traditions, the multifaceted legacies of

61. Michael Bernhard, "Institutional Choice after Communism: A Critique of Theory-Building in an Empirical Wasteland," *East European Politics and Societies* 14 (March 2000): 316-47.
62. Cf. Venelin I. Ganev, "Postcommunism as a Historical Episode of State-Building: A Reversed Tillyan Perspective" (The Helen Kellogg Institute for International Studies, University of Notre Dame, Working Paper 289, November 2001).

state socialism, path dependence, or geographical proximity to the West. In contrast, patterns of economic developments after the early 1990s were dramatically different and resulted in hugely diverging outcomes (as anyone who would care to look at data about GDP per capita will be compelled to acknowledge). And yet, the hegemonic explanation of these patterns doggedly seeks to account for such variations exclusively in terms of a single ideational variable, the relative appeal of a radical neoliberal vision. Surely, for some academic audiences, this approach might be attractive because it brings into the field of post-communist studies all the excitement of an ideological battle. For the rest of us, the dominance of neoliberalism-centered explanations of economic change in Eastern Europe is an anomaly that should provide the motivation to recommence the effort to design and test ideas-centered accounts of post-communist transformations. Today, the question of how to separate artificially inflated coins from valuable analytical currency is as pressing for students of the role of ideas in post-communist politics as it was a dozen years ago.